

PUBLIC DISCLOSURE

March 30, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

HINGHAM INSTITUTION FOR SAVINGS

90211

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**Federal Deposit Insurance Corporation
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<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.</p>

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GENERAL INFORMATION

The Community Reinvestment Act (“CRA”) requires the Massachusetts Division of Banks (“Division”) and the Federal Deposit Insurance Corporation (“FDIC”) to use their authority when examining financial institutions subject to their supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agencies must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **Hingham Institution for Savings (or the “Bank”)**, prepared by the Division and the FDIC, the institution's supervisory agencies as of **March 30, 2012**. The agencies evaluate performance in the assessment area as it is defined by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in Massachusetts Regulation 209 CMR 46.00. The FDIC rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345 of the FDIC's Rules and Regulations.

INSTITUTION'S CRA RATING: This institution is rated “Satisfactory.”

An institution in this group has an adequate record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The assigned rating is based on the results of two performance tests: the Lending Test and the Community Development Test. The Bank's performance under each of these two tests is summarized below:

Lending Test: “Satisfactory”

- Hingham Institution for Savings' loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, and credit needs of its assessment area.
- Overall, the Bank made 56.3 percent of its residential and small business loans inside the combined assessment area. By loan type, the Bank made a majority of residential loans inside the assessment areas at 56.5 percent; whereas, less than a majority of small business loans were made inside the assessment areas at 48.0 percent.
- The distribution of borrowers reflects, given the demographics of the assessment areas, a reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes.
- The geographic distribution of borrowers reflects a reasonable dispersion throughout the assessment areas.
- The Bank has not received any CRA-related complaints since the last CRA evaluation.

Community Development Test: “Satisfactory”

The institution demonstrates adequate responsiveness to the community development needs of its assessment areas through community development loans, qualified investments, and community development services, considering its capacity and the need and availability of such opportunities for community development in the assessment areas.

SCOPE OF THE EXAMINATION

The Division and the FDIC conducted this evaluation jointly, using Intermediate Small Bank procedures. An “Intermediate Small Bank” is an institution with assets of at least \$290 million as of December 31 of both of the prior two calendar years, and less than \$1.160 billion as of December 31 of either of the prior two calendar years. These procedures include two performance tests: the Lending Test and the Community Development Test. This evaluation considered the Bank’s lending and community development activities since the last CRA evaluation dated December 8, 2008 through March 30, 2012. The data and applicable timeframes for the Lending Test and the Community Development Test are discussed below.

The Bank is primarily a residential lender. This is reflected in the Bank’s most recent Consolidated Report of Condition and Income (Call Report) as of December 31, 2011, which shows that 67.7 percent of the Bank’s loan portfolio is residential. The Bank also is an active commercial lender, as commercial loans comprise 26.7 percent of the loan portfolio. For purposes of this evaluation, more emphasis was placed on the Bank’s residential lending performance as it was the Bank’s primary lending focus throughout the evaluation period. Small farm loans were not considered in this analysis since the Bank did not make any small farm loans during the evaluation period. Consumer lending is not included in this analysis, as this loan type accounted for a nominal portion of the Bank’s overall lending activity.

The Lending Test focused on home mortgage and small business lending. Home mortgage lending data analyzed included full-year data from January 1, 2010 through December 31, 2011. Information related to home mortgage lending was derived from the Loan Application Registers (LARs) maintained by the Bank, pursuant to the Home Mortgage Disclosure Act (HMDA). The LARs contain data about home purchase and home improvement loans, including refinancing, of one-to-four family and multifamily properties (five or more units). The evaluation emphasized the Bank’s home mortgage lending performance in 2010 as this is the most recent year for which aggregate lending data is available. The Bank’s home mortgage lending performance is compared with aggregate HMDA data, which is a measure of home mortgage loan demand. Aggregate lending data reflects the lending activity of all HMDA reporting lenders that originated at least a single home mortgage in the Bank’s designated assessment areas. The Bank’s home mortgage lending performance was also compared with demographic data. Additionally, the Bank’s home mortgage lending for 2011 was analyzed and is referenced in the evaluation to illustrate any pertinent trends.

Small business lending data was also analyzed. For the purposes of this evaluation, small business loans are defined as commercial real estate loans and commercial and industrial loans with original balances of \$1 million or less. The Bank’s small business loan data was derived from a report of all small business loans originated in 2011. As an Intermediate Small Bank, the Bank is not required to collect and report small business loan data. The Bank’s small business lending activity was not compared with small business lending aggregate data, as this data represents larger institutions which are required to report small business lending data. Instead, small business lending performance was compared to demographic data.

The Community Development Test included an analysis of the Bank’s qualified community development loans, investments, and services for the period of December 9, 2008 through March 30, 2012. Qualified community development grants and donations for the same time period were also included. Qualified equity investments currently held by the Bank were also included regardless of investment date. The investments were valued at the March 30, 2012 book value.

The Bank opened a branch office in the Beacon Hill neighborhood of Boston on October 18, 2011. Subsequently, the Bank expanded one of its two assessment areas to include census tracts located in the Beacon Hill neighborhood. Due to the limited amount of time the Bank had to assess and meet the lending and community development needs prior to this evaluation, the expanded assessment area and any lending or community development activity within the census tracts added to the assessment area were not included in the scope of the evaluation. The Bank's expanded assessment area and any lending or community development activity in the census tracts added to the assessment area will be considered during the next CRA evaluation.

The Bank has two assessment areas, both of which were analyzed using full-scope examination procedures. One of the assessment areas is in the Southeastern portion of Massachusetts (Assessment Area 1) and the other assessment area (Assessment Area 2) is in Boston, Massachusetts. The Bank's main office, the majority of the Bank's branches, and the majority of its deposit and loan activity are in Assessment Area 1. As such, the Bank's performance in Assessment Area 1 is emphasized when making conclusions regarding the Bank's CRA performance.

Demographic information is from the 2000 U.S. Census unless otherwise noted. Financial data was derived from the Bank's December 31, 2011 Call Report.

PERFORMANCE CONTEXT

Description of Institution

Hingham Institution for Savings is a Massachusetts state-chartered, stock-owned savings bank, which was founded in 1834. The Bank's main office is located at 55 Main Street, Hingham, Massachusetts and its administrative office and loan center are located at 49 Main Street, also in Hingham. The Bank has six wholly-owned subsidiaries, none of which offer products or services to the general public. Subsidiaries include: Hingham Institution for Savings Realty Trust established in 1978 to hold foreclosed real estate; 49 Main Street Realty Trust established in 1988 to hold the property at that address to be used for Bank operations; Rabbi Trust for the Executive Supplemental Retirement Plan Agreement and Endorsement Method Split Dollar Agreement established in 2002 to hold insurance assets purchased to fund obligations; Hingham Securities Corporation II established in 2002 to hold securities; Hingham Unpledged Securities Corporation established in 2003 to invest in securities; and Dunbar Walnut LLC established in 2009 to own, lease, mortgage, develop, improve and otherwise deal in land with real property and any other business which is permitted by law.

In addition to its main office, the Bank operates eight full-service branch offices in the following cities and towns in Massachusetts: Boston, Cohasset, Hanover, Hingham (2), Hull, Scituate, and South Weymouth. One of the Hingham branches, located in a retirement community, offers limited hours of operation and is only open to residents and employees of the community. All branches are equipped with 24-hour automated teller machines (ATMs), and four branches have drive-up facilities.

Hingham Institution for Savings is a full-service financial institution that offers a wide variety of products and services. The Bank offers a variety of home financing programs for the purchase, refinance, or construction of residential property. The Bank offers commercial real estate loans, commercial lines of credit, equipment and installment loans and overdraft protection. The Bank also offers personal checking accounts, business checking accounts, savings accounts, money market accounts, Individual Retirement Accounts (IRA), and certificates of deposit. Some of the services the Bank provides are 24-hour telephone banking, internet banking, free online banking and bill payment.

As of December 31, 2011, the Bank had total assets of \$1.127 billion, total deposits of \$790.5 million, and securities of \$97.8 million. Total loans were \$857.3 million, representing 76.1 percent of total assets. Since the last CRA evaluation, the Bank's assets increased 38.8 percent, net loans increased 33.7 percent, securities increased 63.1 percent, and deposits increased 60.4 percent. In addition, net operating income increased 91.9 percent, from \$6.3 million as of December 31, 2008, to \$12.1 million as of December 31, 2011. During this same timeframe, total equity capital increased 41.6 percent

Table 1 illustrates the composition of the Bank's loan portfolio as of December 31, 2011.

Table 1 Loan Distribution as of December 31, 2011		
Loan Type	Dollar Amount \$(000's)	Percent of Total Loans (%)
Construction and Land Development	48,065	5.6
1-4 Family Residential	482,484	56.3
Multi-Family (5 or more) Residential	97,486	11.4
Commercial Real Estate	228,117	26.6
Total Real Estate Loans	856,152	99.9
Commercial and Industrial	509	0.1
Consumer/Other Loans	645	0.1
Total Loans	857,306	100.1*
<i>Source: December 31, 2011 Call Report</i> <i>*May not total 100.0 percent due to rounding</i>		

The Bank is primarily a residential lender with more than half of the loan portfolio secured by one-to-four family residential properties. The second highest concentration is in commercial real estate at 26.6 percent, followed by multi-family properties at 11.4 percent.

The Division and the FDIC last evaluated the Bank's CRA performance as of December 8, 2008, and assigned a rating of "Satisfactory." There are no apparent financial or legal impediments that would limit the Bank's ability to help meet the credit needs of its assessment areas.

Description of the Assessment Areas

The CRA requires financial institutions to define an assessment area(s) within which its CRA performance will be evaluated. The assessment areas, as currently defined, meet the technical requirements of the CRA regulation.

Hingham Institution for Savings defines two separate assessment areas, which will be discussed in this evaluation as Assessment Area 1 and Assessment Area 2. Assessment Area 1 includes 8 cities and towns, consisting of 29 census tracts, located throughout the South Shore of Massachusetts in Norfolk and Plymouth Counties. Assessment Area 2 includes the South End neighborhood of Boston, consisting of 9 of the 11 census tracts that comprise the South End neighborhood, located in Suffolk County. Both assessment areas are part of the Boston-Quincy, MA Metropolitan Division (MD) #14484 in the Boston-Cambridge-Quincy, MA-NH Metropolitan Statistical Area (MSA) #14460.

In October 2011, the Bank expanded Assessment Area 2 to include 7 census tracts, all upper-income census tracts located in the Beacon Hill neighborhood in Boston. As discussed previously under the Scope of the Examination section, expanded Assessment Area 2 will not be evaluated in this evaluation.

Assessment Area 1 encompasses Cohasset and Weymouth of Norfolk County, and Hanover, Hingham, Hull, Marshfield, Norwell and Scituate of Plymouth County. Assessment Area 2 includes the following census tracts in the South End neighborhood of Boston:

0703.00; 0704.00; 0705.00; 0706.00; 0707.00; 0708.00; 0709.00; 0711.00; and 0712.00

The following section outlines pertinent demographic, economic, and housing-related information regarding Assessment Areas 1 and 2.

Assessment Area 1

Assessment Area 1 consists of cities and towns on the South Shore of Massachusetts. This is a geographic region stretching south and east from Boston toward Cape Cod along the shores of Massachusetts Bay and Cape Cod Bay. The South Shore is composed of a mix of suburban towns, mid-sized industrial cities, and rural towns. Table 2 illustrates select demographic data for Assessment Area 1.

Table 2 Assessment Area 1 Demographic Information					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	29	0.0	3.5	37.9	58.6
Population by Geography	157,297	0.0	3.4	38.1	58.5
Owner-Occupied Housing by Geography	46,188	0.0	*2.6	*36.9	*60.4
Business by Geography	17,273	0.0	2.3	27.6	70.1
Family Distribution by Income Level	42,297	12.4	15.1	22.6	49.9
Distribution of Low and Moderate Income Families throughout AA Geographies	11,644	0.0	6.1	49.0	44.9
Median Family Income (MFI)		\$79,211	Median Housing Value		\$248,462
HUD Adjusted MFI 2010		\$85,200	Unemployment Rate		3.1%
HUD Adjusted MFI 2011		\$87,600	Unemployment Rate December 2011		7.4%
Households Below Poverty Level		5.6%			
Families Below Poverty Level		3.1%			
Source: 2000 US Census Data, 2011 and 2010 Department of Housing and Urban Development (HUD) updated MFI, 2011 Business Geo-Demographic Data, and 2011 Bureau of Labor Statistics					
*Percentages may not total 100 percent due to rounding					

Of the 29 census tracts comprising Assessment Area 1: 1 (or 3.5 percent) is moderate-income; 11 (or 37.9 percent) are middle-income; and 17 (or 58.6 percent) are upper-income census tracts. The moderate-income census tract is located in Weymouth. Table 2 demographic information reflects the overall affluence of this assessment area, with a significant majority of census tracts, population and businesses located in middle- and upper-income geographies. There are no low-income census tracts in Assessment Area 1.

Assessment Area 1 has a total population of 157,297, and includes 42,297 families. Of families in the assessment area, 12.4 percent are low-income; 15.1 percent are moderate-income; 22.6 percent are middle-income; and 49.9 percent are upper-income. It is also noted that 3.1 percent are families below the poverty level, which is a subset of the low-income category. While affluent, over a quarter of the family households (at 27.5 percent) in Assessment Area 1 are low- and moderate-income. This represents potential low- and moderate-income lending and community development needs, as well as low- and moderate-income lending and community development opportunities for financial institutions.

Income categories for census tracts are defined in Appendix B of this evaluation. Based on the 2000 U.S. Census, the Median Family Income (“MFI”) for the assessment area is \$79,211. However, the HUD adjusts the MFI based on estimates annually. The HUD-adjusted MFI for the Boston-Quincy, MA MD #14484 was \$85,200 in 2010 and \$87,600 in 2011. The four income levels in 2010 and 2011 for this assessment area are as follows:

2010

Low-income:	Less than 50% MFI (less than \$38,449)
Moderate-income:	At least 50% but less than 80% of MFI (\$38,450 to \$68,159)
Middle-income:	At least 80% but less than 120% of MFI (\$68,160 to \$102,239)
Upper-income:	Equal to or greater than 120% of MFI (greater than \$102,240)

2011

Low-income:	Less than 50% MFI (less than \$43,799)
Moderate-income:	At least 50% but less than 80% of MFI (\$43,800 to \$70,079)
Middle-income:	At least 80% but less than 120% of MFI (\$70,080 to \$105,119)
Upper-income:	Equal to or greater than 120% of MFI (greater than \$105,120)

A closer review of households in Assessment Area 1 reveals that 5.6 percent have income levels below the poverty threshold and 1.4 percent of households receive some form of public assistance. Those below poverty level typically have a reduced ability to qualify for a mortgage loan, thereby reducing a financial institution's ability to originate residential loan products to these lower-income individuals. However, this demographic can also represent an opportunity for financial institutions to support or initiate community development initiatives, such as providing affordable housing financing or providing financial support or services to organizations that provide services to lower-income individuals.

Assessment Area 1 consists of 63,514 total housing units, of which 46,188 (or 72.7 percent) are owner-occupied, 13,422 (or 21.1 percent) are rental units, and 3,904 (or 6.2 percent) are vacant. Of the 46,188 owner-occupied housing units, only 1,212 (or 2.6 percent) are in the moderate-income census tract. These demographics highlight home mortgage lending opportunities, as a majority of the housing stock is owner-occupied. The sole moderate-income census tract (in Weymouth) has limited home mortgage lending opportunities as reflected by the small number of owner-occupied units; however, demand for non-owner occupied lending and affordable housing may be present in this tract.

The median housing value for Assessment Area 1 was \$248,462 as of 2000, and the median age of the housing stock is 42 years. More recent figures from The Warren Group show median sale prices in 2010 ranged from a low of \$290,000 in Weymouth to a high of \$760,000 in Cohasset. In 2011, the median sale prices dropped somewhat, with a low of \$260,000 in Weymouth to a high of \$689,500 in Cohasset. These sales figures reflect the high priced housing stock in Assessment Area 1, with Weymouth as the most affordable of the towns and cities in the area. The overall high housing values represent a potential barrier to homeownership for low- and moderate-income individuals and families.

Data obtained from Dun & Bradstreet show that in 2011, there were 17,273 businesses in Assessment Area 1, of which 69.8 percent have gross annual revenues (GARs) of \$1 million or less, 3.2 percent have GARs over \$1 million, and the remaining 27.0 percent have unknown revenues. Approximately 64.2 percent of the area's businesses employ four or fewer people. This demographic data reflects an opportunity and demand for small business loans for smaller sized businesses in Assessment Area 1. Of total businesses in this assessment area, 2.3 percent are in moderate-income census tracts, 27.6 percent are in middle-income tracts, and 70.1 percent are in upper-income tracts. This demographic data illustrates limited opportunity for financing existing businesses in the moderate-income census tract given the small number of businesses located in this geography.

The highest proportion of businesses in the area are engaged in the services industry (45.5 percent). Other business categories include unclassified establishments at 18.6 percent; retail trade (10.8 percent); construction (9.0 percent); and finance, insurance and real estate at 8.3 percent. According to the Massachusetts Executive Office of Labor and Workforce Development, the largest employers in Assessment Area 1 include Boston Financial Data Services, Inc., Jordan Hospital, Talbots, Inc., Weymouth Lodge 2232, Clean Harbors, Inc. and Marshfield Town Hall.

According to the Bureau of Labor Statistics, the statewide unemployment rate for Massachusetts was 7.4 percent in 2011, which represents a decrease in the rate from 2009 and 2010. The 2011 rate reflects an improvement from prior years; however, during the evaluation period, Massachusetts, as well as the country as a whole, experienced an economic downturn. This impacted the demand for residential and commercial loans. As of December 2011, the assessment area unemployment rates ranged from a low of 5.0 percent in Cohasset and Hingham, to a high of 7.6 percent in Hull. The unemployment rates for the towns and cities in Assessment Area 1 are Cohasset 5.0 percent; Hanover 6.1 percent; Hingham 5.0 percent; Hull 7.6 percent; Marshfield 6.6 percent; Norwell 5.8 percent; Scituate 5.7 percent; and Weymouth 7.3 percent.

Competition for residential loans in Assessment Area 1 is significant, as 294 institutions originated at least a single home mortgage in the assessment area in 2010. These institutions range in size from small credit unions and mortgage companies with single office locations in the Assessment Area to the largest banks in New England. Among the more active residential lenders in the area are: Bank of America; JP Morgan Chase Bank; Mortgage Master; Rockland Federal Credit Union; Rockland Trust Company; Sovereign Bank; and, The Bank of Canton. Bank management indicated that the most direct competition comes from Rockland Trust Company, Citizens Bank, Wells Fargo and Bank of America. According to 2010 market share data, Hingham Institution for Savings ranked 15th with 1.7 percent of the residential loan market share. The top three lenders in Assessment Area 1 were Bank of America with a market share of 12.0 percent, JP Morgan Chase Bank with a market share of 6.7 percent, and Ally Bank (formerly GMAC Bank) with a market share of 5.2 percent. Mortgage Master ranked eighth with a market share of 3.1 percent and Rockland Trust Company ranked 12th with a market share of 2.0 percent.

Assessment Area 2

Assessment Area 2 generally consists of the South End neighborhood of Boston. Table 3 illustrates select demographic characteristics of the assessment area.

Table 3 Assessment Area 2 Demographic Information					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts)	9	33.3*	22.2*	22.2*	22.2*
Population by Geography	26,138	24.1	31.7	22.2	22.0
Owner-Occupied Housing by Geography	4,095	9.5	30.3	23.3	36.9
Business by Geography	4,677	25.7	18.3	18.5	37.5
Family Distribution by Income Level	4,179	42.7	11.6	13.1	32.6
Distribution of Low and Moderate Income Families throughout AA Geographies	2,272	33.0	38.5	19.8	8.7
Median Family Income (MFI)		\$51,498	Median Housing Value		\$428,063
HUD Adjusted MFI 2011		\$87,600	Unemployment Rate		6.7%
HUD Adjusted MFI 2010		\$85,200	December 2011 Unemployment Rate		6.1%
Households Below Poverty Level		18.7%			
Families Below Poverty Level		19.4%			
Source: 2000 US Census Data, 2011 and 2010 HUD updated MFI, 2011 Business Geo-Demographic Data, 2011 Bureau of Labor Statistics					
*May not total 100.0 percent due to rounding					

Assessment Area 2 consists of 9 census tracts, of which 3 (or 33.4 percent) are low-income; 2 (or 22.2 percent) are moderate-income; 2 (or 22.2 percent) are middle-income; and, 2 (or 22.2 percent) are upper-income census tracts. The low-income census tracts are 0704.00, 0711.00 and 0712.00. The moderate-income census tracts are 0705.00 and 0709.00. Unlike Assessment Area 1, the majority of the tracts are low- and moderate-income.

Assessment Area 2 has a total population of 26,138, and includes 4,179 families. Of families in the assessment area, 42.7 percent are low-income; 11.6 percent are moderate-income; 13.1 percent are middle-income; and 32.6 percent are upper-income. It is also noted that a large proportion, 19.4 percent, are families below the poverty level, which is a subset of the low-income category. The demographic data reveals the majority of the family households are low- and moderate-income, with low-income families representing the largest share of family households in Assessment Area 2. The high percentage of low- and moderate-income families represents potential lending and community development needs for the low- and moderate-income population, as well as potential lending and community development opportunities for financial institutions.

Income categories for census tracts are defined in Appendix B of this evaluation. Based on the 2000 U.S. Census, the MFI for the assessment area is \$79,211. However, HUD adjusts the MFI based on estimates annually. As previously noted, the HUD-adjusted MFI for the Boston-Quincy, MA MD #14484 was \$85,200 in 2010 and \$87,600 in 2011. The four income levels in 2010 and 2011 are defined as follows:

2010

Low-income:	Less than 50% MFI (less than \$38,449)
Moderate-income:	At least 50% but less than 80% of MFI (\$38,450 to \$68,159)
Middle-income:	At least 80% but less than 120% of MFI (\$68,160 to \$102,239)
Upper-income:	Equal to or greater than 120% of MFI (greater than \$102,240)

2011

Low-income:	Less than 50% MFI (less than \$43,799)
Moderate-income:	At least 50% but less than 80% of MFI (\$43,800 to \$70,079)
Middle-income:	At least 80% but less than 120% of MFI (\$70,080 to \$105,119)
Upper-income:	Equal to or greater than 120% of MFI (greater than \$105,120)

A closer review of households in Assessment Area 2 reveals 18.7 percent have incomes below the poverty level and 3.0 percent of households receive some form of public assistance. Those below poverty level typically have a reduced ability to qualify for a mortgage loan, thereby reducing a financial institution's ability to originate residential loan products to these lower-income individuals. However, this demographic can also represent an opportunity for financial institutions to support or initiate community development initiatives, such as providing affordable housing financing or providing financial support or services to organizations that provide services to lower-income individuals.

Assessment Area 2 consists of 14,614 total housing units, of which only 4,095 (or 28.0 percent) are owner-occupied, 9,682 (or 66.3 percent) are rental units, and 837 (or 5.7 percent) are vacant. Of the 4,095 owner-occupied housing units, only 389 (or 9.5 percent) are in the low-income tracts, while 1,240 (or 30.3 percent) are in the moderate-income census tracts. These demographics illustrate limited home mortgage lending opportunities in the low- and moderate-income census tracts considering the high proportion of rental units. The data also reflects potential need and opportunity for financing non-owner occupied and affordable housing properties.

The median housing value for Assessment Area 2 was \$428,063 as of 2000, and the median age of the housing stock is relatively high at 61 years. More recent figures from The Warren Group show median home sales prices in Boston of \$2.1 million in 2010 and \$1.9 million in 2011. The overall high housing values represent a potential barrier to homeownership for low- and moderate-income individuals and families.

Data obtained from Dun & Bradstreet show that in 2011, there were 4,667 businesses in Assessment Area 2, of which 60.3 percent have GARs of \$1 million or less, 4.2 percent have GARs over \$1 million, and the remaining 35.5 percent have unknown revenues. Approximately 55.1 percent of the area's businesses employ four or fewer people. This demographic data reflects an opportunity and demand for small business loans for smaller sized businesses in Assessment Area 2. Of total businesses in this assessment area, 25.7 percent are located in low-income geographies and 18.3 percent are in moderate-income census tracts. Given that nearly half of area businesses are located in low- or moderate-income census tracts, the demographic data indicate potential opportunity for small business lending in this income category of census tract.

The highest concentration of businesses in the area is engaged in the services industry (43.8 percent). Other business categories include unclassified establishments at 25.8 percent; finance, insurance and real estate at 11.3 percent; and, retail trade at 8.8 percent. According to the Massachusetts Executive Office of Labor and Workforce Development, the largest employers in Assessment Area 2 include Brigham and Women's Hospital, Massachusetts General Hospital, Boston University School of Medicine, Liberty Mutual Group, Inc., ABM Janitorial Service, Boston Globe, and the Boston Housing Authority.

As previously mentioned, the statewide unemployment rate for Massachusetts was 7.4 percent in 2011. As of December 2011, the unemployment rate for Suffolk County (Boston) was 7.1 percent. The 2011 rate reflected an improvement from prior years; however, during the evaluation period, Massachusetts, as well as the country as a whole, experienced an economic downturn, which impacted demand for residential and commercial loans.

Competition for residential loans in Assessment Area 2 is relatively significant, as 169 institutions originated at least a single home mortgage in the assessment area in 2010. These institutions range in size from small credit unions and mortgage companies with single office locations in the Assessment Area to the largest banks in New England. Among the more active residential lenders in the area are: Bank of America; Boston Private Bank and Trust; JP Morgan Chase Bank; Mortgage Master; New England Moves Mortgage LLC; The Bank of Canton; and Wells Fargo Bank. According to 2010 market share data, Hingham Institution for Savings ranked 27th with 0.8 percent of the residential loan market share. The top three lenders in Assessment Area 2 were Bank of America with a market share of 17.2 percent, JP Morgan Chase Bank with a market share of 8.6, and Mortgage Master with a market share of 8.3 percent.

Community Contacts

As part of the evaluation process, third parties active in the assessment areas are contacted to assist in assessing the credit and community development needs of the community. The information obtained helps to determine whether local financial institutions are responsive to the credit and community development needs of the communities, and what credit and community development opportunities, if any, are available.

A community contact was conducted with a non-profit community development organization involved in creating and improving economic development and affordable housing in the Weymouth area. The organization is focused on the creation of affordable housing through first-time homebuyer and 'soft second' loan programs, and provides services and financial assistance to lower-income families. The contact emphasized that one of the largest needs in the community is support for grass roots community development organizations that are in need of funding and assistance. Many of these programs face challenges to fundraising efforts, as larger organizations appear to receive a large portion of available funds. The contact believed that financial institutions could have a stronger impact in the community if they provided more financial contributions to smaller organizations.

A second community contact was conducted with a community development corporation in Boston's South End neighborhood that develops physical community assets, including affordable housing for rental and ownership; promotes economic development; fosters leadership development; builds capacity within the community; and advocates on behalf of the community. The contact stated housing affordability and employment pose the largest challenges in the area. Language and geographical proximity to employment limit residential relocation options for much of the population as many residents are unable to move to more affordable sections of the city. According to the contact, workforce development programs and classes in English as a Second Language are areas of need evident in the community. Commercial lending and technical assistance, at various levels, represent an important opportunity for financial institutions. There is a concentration of small businesses within the Chinatown area, the owners of which may be in need of language-specific technical assistance or small loans to meet startup costs.

A third community contact was conducted with a community development financial institution (CDFI) in Boston whose mission is to build healthy communities where low-income people live and work. They accomplish this mission by investing in projects that provide affordable housing, good jobs, and new opportunities in low-income communities. The contact stated that the most pressing community development needs include foreclosure relief in high risk areas, as well as more affordable housing and working capital for small businesses to improve the local economy. The contact stated that local financial institutions need to take a “bigger role” in creating programs and seminars for foreclosure prevention programs, either in partnership with community development organizations or through their own bank branches. The contact also stated a need for an in-house loan modification program geared toward low-income residents. In addition, area needs and opportunities include: more financial educational services; expanded resources for basic financial information and home buying seminars; and, finally, courses designed to help the financially vulnerable avoid unfair lending practices.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

LENDING TEST

The Lending Test considers the institution's performance pursuant to the following criteria: loan-to-deposit ("LTD") ratio, assessment area concentration, borrower profile, geographic distribution, and response to CRA complaints.

The Bank's overall performance with respect to the Lending Test is Satisfactory. The following sections discuss the analysis and conclusions regarding the Bank's performance under each criterion.

1. LOAN-TO DEPOSIT RATIO

This performance criterion determines what percentage of the Bank's deposit base is reinvested in the form of loans and evaluates its appropriateness. The Bank's net loan-to-deposit (LTD) ratio is more than reasonable given the institution's size, financial condition and the assessment areas' credit needs.

The Bank's net LTD ratio is 116.9 percent as of December 31, 2011. A review of the Bank's quarterly net LTD ratios for the last 13 quarters since the prior FDIC CRA evaluation was conducted. The quarters reviewed include those ending December 31, 2008 through December 31, 2011. These ratios are based on total loans, net of unearned income and net of the allowance for loan and lease losses, as a percentage of total deposits.

The Bank's average net LTD ratio over the period reviewed was 111.2 percent. The net LTD ratio has fluctuated over the last 13 quarters, from a low of 103.7 percent (as of December 31, 2011) to a high of 131.0 percent (as of December 31, 2008). During this timeframe, deposit growth of 60.4 percent exceeded loan growth of approximately 33.7 percent.

For comparison purposes, the Bank's average net LTD ratio was compared against the average net LTD ratios of three similarly situated institutions for the same time period. These three institutions are similar in terms of asset size, financial condition, geographic focus, and loan portfolio composition.

Table 4		
Similarly Situated Average Net Loan-to-Deposit Comparison		
Bank Name	Total Assets as of 12/31/11 \$ (000)	Average Net LTD Ratio 12/31/08 through 12/31/11 (%)
The Needham Bank	1,155,882	114.4
Hingham Institution for Savings	1,127,290	111.2
Dedham Institution for Savings	1,085,354	81.2
South Shore Savings Bank	950,388	94.1
<i>Source: Call Reports from December 31, 2008 through December 31, 2011</i>		

As shown in Table 4, the average net LTD ratios of the similarly situated institutions ranged between 81.2 percent and 114.4 percent. At 111.2 percent, the Bank's average net LTD is higher than two of the similarly situated banks, and is generally consistent with the other similarly situated financial institution. Also impacting the Bank's LTD ratio is the volume of loans sold since the prior CRA evaluation, at 108 loans for \$25.8 million.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

This performance criterion evaluates whether the Bank is meeting the credit needs within its assessment areas. The analysis includes both residential and small business loans.

Combined Assessment Areas

Overall, 56.3 percent of the Bank's residential and small business loans were inside the combined assessment areas. A review of the combined assessment areas by loan product reveals that while a majority of residential loans were within the assessment areas in 2010 and 2011, less than the majority of small business loans were inside the assessment areas in 2011. However, overall performance is adequate, as the overall percentage constitutes a majority, and residential lending impacted the ratio more than small business lending. Table 5 depicts the Bank's performance of making residential and small business loans inside and outside the assessment area, by number and dollar volume.

Table 5 Distribution of Loans Inside and Outside of Combined Assessment Areas										
Loan Category or Type	Number of Loans					Dollar Volume (\$000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2010										
Home Purchase	45	39.5	69	60.5	114	23,594	39.4	36,349	60.6	59,943
Refinance	133	59.1	92	40.9	225	50,142	40.6	73,486	59.4	123,628
Home Improvement	43	74.1	15	25.9	58	13,485	70.8	5,561	29.2	19,046
Total	221	55.7	176	44.3	397	87,221	43.0	115,396	57.0	202,617
2011										
Home Purchase	64	52.5	58	47.5	122	36,449	62.7	21,678	37.3	58,127
Refinance	125	59.5	85	40.5	210	51,031	49.9	51,225	50.1	102,256
Home Improvement	27	61.4	17	38.6	44	11,992	49.5	12,216	50.5	24,208
Total	216	57.4	160	42.6	376	99,472	53.9	85,119	46.1	184,591
Total Residential Loans	437	56.5	336	43.5	773	186,693	48.2	200,515	51.8	387,208
Total Small Business 2011	12	48.0	13	52.0	25	3,256	37.5	5,438	62.5	8,694
Grand Total	449	56.3	349	43.7	798	189,949	48.0	205,953	52.0	395,902
Source: 2010 and 2011 HMDA LARs and Bank's 2011 Small Business Loan Data										

Residential Lending

As shown in Table 5, the Bank originated 773 home loans totaling \$387.2 million in the combined assessment areas during the evaluation period. This represents 56.5 percent of loans by number, but only 48.2 percent by dollar amount in 2010 and 2011 combined. The distribution of loans by number is weighted more in this analysis, as the number of loans correlates more closely to the number of individuals or families that were able to obtain home mortgage loans and is not skewed by large dollar amounts inside or outside the assessment area.

Small Business Lending

As shown in Table 5, the Bank originated 48.0 percent of its small business loans by number, and only 37.5 percent by dollar amount inside the combined assessment area. The Bank's originated loans totaled \$8.69 million, of which \$3.26 million was in the Bank's combined assessment area. A review of the Bank's lending patterns shows that its small business lending was geographically dispersed throughout Massachusetts in cities such as Burlington, Braintree, Newton, Plymouth and Provincetown.

3. BORROWER PROFILE

This performance criterion evaluates the distribution of the Bank's residential and small business loans based on borrower characteristics. Analyses were conducted of the Bank's residential mortgage loans inside the assessment areas based on borrower income and the Bank's small business loans inside the assessment areas based on size of business. For residential lending, emphasis is placed on loans to low- and moderate-income borrowers, and for small business lending, emphasis is placed on loans to businesses with gross annual revenues (GARs) of \$1 million or less.

Overall, the distribution of loans reflected reasonable penetration among individuals of different income levels and businesses of different sizes, particularly low- and moderate-income borrowers and businesses with GARs of \$1 million or less.

Assessment Area 1

Residential Lending

The Bank demonstrated reasonable penetration of residential loans to borrowers of different income levels in Assessment Area 1. Table 6 illustrates the distribution of residential loans by borrower income in 2010 and 2011. For comparison purposes, the table also includes aggregate data for 2010 and the distribution of families by income level.

Table 6 Assessment Area 1 Distribution of Residential Loans by Borrower Income*																	
Loan Category	Bank Loans	Percent of Bank Loans								Percent of Aggregate Lending							
		Low-Income		Moderate-Income		Middle-Income		Upper-Income		Low-Income		Moderate-Income		Middle-Income		Upper-Income	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
2010																	
Home Purchase	36	3	8.3	5	13.9	6	16.7	22	61.1	78	3.9	359	18.0	481	24.2	1,074	53.9
Home Improvement	36	3	8.3	2	5.6	8	22.2	23	63.9	27	5.9	95	20.8	128	28.0	207	45.3
Refinance	121	6	5.0	16	13.2	23	19.0	76	62.8	202	2.7	930	12.4	1,873	24.9	4,515	60.0
Total	193	12	6.2	23	11.9	37	19.2	121	62.7	307	3.1	1,384	13.9	2,482	24.9	5,796	58.1
2011																	
Home Purchase	48	7	14.6	4	8.3	8	16.7	29	60.4								
Home Improvement	22	1	4.5	2	9.1	6	27.3	13	59.1								
Refinance	108	9	8.3	11	10.2	18	16.7	70	64.8								
Total	178	17	9.6	17	9.6	32	17.9	112	62.9								
Demographics	#	Distribution of Families															
		Low-Income		Moderate-Income		Middle-Income		Upper-Income									
Families	42,297	12.4		15.1		22.6		49.9									

*(Excludes borrowers for which income is not available)

Source: 2010 and 2011 HMDA LARs, 2010 HMDA Aggregate Lending Data, 2000 U.S. Census Data

Table 6 shows that during 2010, the Bank originated 6.2 percent of its residential loans to low-income borrowers, which exceeded aggregate performance of 3.1 percent, but is below demographic data of 12.4 percent. It is also noted the Bank exceeded aggregate data for each loan purpose in 2010. According to market share data from 2010, the Bank ranked 6th in lending to low-income borrowers, with a market share of 3.8 percent. Rockland Trust Company ranked 3rd with a market share of 5.3 percent; Citizens Bank is ranked 4th with a market share of 4.7 percent; and, Bank of America ranked 1st with 12.5 percent of this particular market segment.

In 2010, the Bank originated 11.9 percent of its residential loans to moderate-income borrowers, which is slightly lower than aggregate performance at 13.9 percent. When reviewing the Bank's performance by loan purpose, the Bank lagged aggregate activity in making home purchase and home improvement loans to moderate-income borrowers. With respect to refinance loans, the Bank slightly exceeded aggregate performance. The percentage of moderate-income families in the assessment area, at 15.1 percent, exceeds the Bank's residential lending to this income category in 2010. According to market share reports for 2010, the Bank ranked 16th in lending to moderate-income borrowers, behind Bank of America (1st), Citizens Bank (5th), Rockland Trust Company (9th), and The Bank of Canton (13th).

The number of residential loans originated inside the assessment area decreased from 193 in 2010 to 178 in 2011. The Bank's lending performance to low-income borrowers increased to 9.5 percent; however, its moderate-income lending performance decreased to 9.5 percent.

As previously stated, the Bank's performance of lending to low- and moderate-income borrowers is reasonable. Performance context factors considered when reaching conclusions on the Bank's performance under this factor include high residential housing values, MFI figures, as well as the need and opportunity for lending to borrowers of low- and moderate-income. As noted in the Description of the Assessment Areas section of this evaluation, Assessment Area 1 has high housing costs, which could limit the number of potential borrowers in these two income categories that could qualify for home financing, particularly home purchase loans. Bank management stated there is a need for first mortgage loans, jumbo loans, home equity loans and lines of credit. There is also a need for investment property financing, as there is a demand by small and mid-size investors for loans that may not be offered by larger institutions.

Small Business Lending

The Bank's small business lending activity, overall, reflects reasonable penetration among businesses of different sizes, particularly to those with GARs of \$1 million or less. Table 7 details the Bank's 2011 distribution of lending to businesses of different sizes compared to the percentage of businesses in the assessment area, as estimated by Dun & Bradstreet (D&B) surveys.

Table 7 Assessment Area 1 Distribution of Small Business Loans by Business Size					
Gross Annual Revenues (000s)	% of Businesses	2011 Bank Loans			
		#	%	\$ (000)	%
≤ \$1,000	69.8	10	90.9	2,569	90.0
> \$1,000	3.2	1	9.1	287	10.0
GAR Not Reported	27.0	0	0.0	0	0.0
Total	100.0	11	100.0	2,856	100.0

Source: Bank's 2011 Small Business Loans and 2011 Business Geo-demographic Data

As shown in Table 7, the Bank made 90.9 percent of all small business loans to businesses with GAR of \$1 million or less in 2011, which exceeds the percentage of businesses in that size category (at 69.8 percent).

Overall, the Bank's small business lending performance by business size is reasonable. This conclusion considers the comparison to business geo-demographic data as well as the small number of loans subject to analysis.

Assessment Area 2

Residential Lending

The Bank demonstrated reasonable penetration of residential loans to borrowers of different income levels in Assessment Area 2. Table 8 illustrates the distribution of residential loans by borrower income in 2010 and 2011. For comparison purposes, the table also includes aggregate data for 2010 and the distribution of families by income level.

Table 8 Assessment Area 2 Distribution of Residential Loans by Borrower Income*																	
Loan Category	# of Bank Loans	Percent of Bank Loans								Percent of Aggregate Lending							
		Low-Income		Moderate-Income		Middle-Income		Upper-Income		Low-Income		Moderate-Income		Middle-Income		Upper-Income	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
<i>2010</i>																	
Home Purchase	4	0	0.0	0	0.0	1	25.0	3	75.0	4	0.7	43	7.4	84	14.5	448	77.4
Home Improvement	3	0	0.0	2	66.7	0	0.0	1	33.3	0	0.0	1	4.8	5	23.8	15	71.4
Refinance	11	1	9.1	1	9.1	1	9.1	8	72.7	4	0.3	67	4.5	267	17.7	1,166	77.5
Total	18	1	5.5	3	16.7	2	11.1	12	66.7	8	0.4	111	5.3	356	16.9	1,629	77.4
<i>2011</i>																	
Home Purchase	9	1	11.1	1	11.1	1	11.1	6	66.7								
Home Improvement	3	0	0.0	0	0.0	0	0.0	3	100.0								
Refinance	16	1	6.2*	0	0.0	1	6.2*	14	87.5*								
Total	28	2	7.1	1	3.6	2	7.1	23	82.1								
Demographics	#	Distribution of Families															
		Low-Income		Moderate-Income		Middle-Income		Upper-Income									
Families	4,179	42.7		11.6		13.1		32.6									

*(Excludes borrowers for which income is not available)

Source: 2010 and 2011 HMDA LARs; 2010 HMDA Aggregate Lending Data; 2000 U.S. Census Data

*May not total 100.0 percent due to rounding

Table 6 shows that during 2010, the Bank originated a single refinance loan, or 5.5 percent of its residential loans to low-income borrowers in Assessment Area 2, which exceeded aggregate performance of 0.4 percent, but is well-below demographic data of 42.7 percent. While the Bank did not originate any home purchase or home improvement loans in this area in 2010, aggregate data revealed limited, or no, activity in these categories as well. According to market share data from 2010, the Bank ranked 6th in lending to low-income borrowers, with a market share of 3.8 percent. Rockland Trust Company ranked 3rd with a market share of 5.3 percent; Citizens Bank ranked 4th with a market share of 4.7 percent; and, Bank of America ranked 1st with 12.5 percent of this particular market segment. Market share reports indicate that Citizens Bank originated two loans to low-income borrowers in this area in 2010, while an additional seven lenders (including Hingham) each originated a single loan.

In 2010, the Bank originated 3 loans, or 16.7 percent of its residential loans to moderate-income borrowers, which exceeds aggregate data at 5.3 percent and the percentage of families at this income level of 11.6 percent. Two of the three loans to moderate-income borrowers were for the purpose of home improvement, which exceeds aggregate data at 4.8 percent; however, the Bank did not make any home purchase loans to moderate-income individuals, and made a single refinance loan to a borrower in this income level. According to market share reports for 2010, the Bank ranked 8th in lending to moderate-income borrowers; Bank of America ranked 1st, with 30.7 percent of this market segment.

The number of residential loans originated inside this assessment area increased from 18 in 2010 to 28 in 2011. The Bank's lending performance to low-income borrowers increased to two loans during this timeframe, although lending to moderate-income borrowers decreased to a single loan in 2011.

As previously stated, the Bank's performance of lending to low- and moderate-income borrowers is reasonable. Both the Bank and aggregate lagged demographic data with respect to lending to low-income borrowers; however, the Bank exceeded both aggregate and demographic data in lending to moderate-income borrowers. The high cost of housing in Assessment Area 2 limits the opportunity for lending to low- and moderate-income individuals in this area. It is noted that low-income individuals have income less than \$43,800, and moderate-income individuals have income between \$43,800 and \$70,079.

Small Business Lending

The Bank's small business lending activity, overall, reflects reasonable penetration among businesses of different sizes, particularly to those with GARs of \$1 million or less. Table 9 details the Bank's 2011 distribution of lending to businesses of different sizes compared to the percentage of businesses in the assessment area by GAR, as estimated by Dun & Bradstreet (D&B) surveys.

Table 9 Assessment Area 2 Distribution of Small Business Loans by Business Size					
Gross Annual Revenue (000s)	% of Businesses	2011 Bank Loans			
		#	%	\$(000)	%
≤ \$1,000	60.3	1	100.0	400	100.0
> \$1,000	4.2	0	0.0	0	0.0
GAR Not Reported	35.5	0	0.0	0	0.0
Total	100.0	1	100.0	400	100.0
Source: Bank's 2011 Small Business Loans and 2011 Business Geo-demographic Data					

As shown in Table 9, the Bank made a single small business loan in Assessment Area 2 in 2011, and this loan was to a business with GARs of \$1 million or less. Considering that this analysis encompasses only a single loan, a meaningful comparison against business geo-demographic data could not be made. Considering the low volume of small business lending overall, this performance is reasonable.

4. GEOGRAPHIC DISTRIBUTION

This criterion evaluates the distribution of the Bank's loans within the assessment area by census tract income level, with emphasis on lending in low- and moderate-income census tracts.

The overall geographic distribution of loans reflects a reasonable dispersion throughout the assessment areas, particularly to low- and moderate-income geographies in the assessment areas.

Assessment Area 1

As mentioned previously under the Description of Assessment Area section of the Public Evaluation, Assessment Area 1 includes 29 census tracts, of which there are no low-income census tracts, 1 moderate-income census tract, 11 middle-income census tracts, and 17 upper-income census tracts.

Residential Lending

The penetration of residential loans throughout Assessment Area 1 is reasonable overall. Table 10 illustrates the distribution of residential loans in 2010 and 2011, compared to the percentage of total owner-occupied housing units and aggregate lending data (2010 only) by income level of census tract.

Table 10 Assessment Area 1 Distribution of Residential Loans by Census Tract Income Level															
Loan Category	# of Bank Loans	Percent of Bank Loans						Percent of Aggregate Lending							
		Moderate-Income		Middle-Income		Upper-Income			Moderate-Income		Middle-Income		Upper-Income		
2010			#	%	#	%	#	%		#	%	#	%	#	%
Home Purchase	39		1	2.6	6	15.4	32	82.0		66	2.8	815	33.9	1,521	63.3
Home Improvement	38		0	0.0	13	34.2	25	65.8		17	3.5	140	28.9	328	67.6
Refinance	121		2	1.6	26	21.5	93	76.9		152	1.6	2,623	28.3	6,495	70.1
Total	198		3	1.5	45	22.7	150	75.8		235	1.9	3,578	29.4	8,344	68.6
2011															
Home Purchase	49		0	0.0	5	10.2	44	89.8							
Home Improvement	24		0	0.0	3	12.5	21	87.5							
Refinance	109		1	0.9	16	14.7	92	84.4							
Total	182		1	0.5	24	13.2	157	86.3							
Demographic	#	Distribution of Housing Units													
		Moderate-Income		Middle-Income		Upper-Income									
Owner-Occupied Units	46,188	2.6		36.9		60.4									
Source: 2010 and 2011 HMDA LARs, 2010 HMDA Aggregate Lending Data, and 2000 U.S. Census Data. *May not total 100.0 percent due to rounding															

As shown in Table 10, the Bank originated three, or 1.5, percent of its residential loans in the moderate-income census tract of Assessment Area 1 in 2010. This performance is slightly below, but generally consistent with, aggregate data at 1.9 percent and the percentage of owner-occupied housing units (2.6 percent). While the Bank did not originate any home improvement loans in the moderate-income census tract, the performance of home purchase and refinance

lending was consistent with aggregate data. According to 2010 market share data, the Bank ranked 11th in lending in the moderate-income geography.

The Bank's lending volume in Assessment Area 1 decreased from 198 loans in 2010 to 182 loans in 2011; in addition, the level of lending in the moderate-income geography decreased to 0.5 percent.

Small Business Lending

The Bank's small business lending activity in Assessment Area 1, overall, reflects poor distribution in census tracts of different income levels, particularly the moderate-income tract.

Table 11 details the Bank's 2011 geographic distribution of small business loans compared to the percentage of businesses in the assessment area, as estimated by D&B surveys.

Table 11 Assessment Area 1 Distribution Small Business Loans by Census Tract Income Level					
Loan Category	# of Bank Loans	Percent of Bank Loans			
		Low-Income %	Moderate-Income %	Middle-Income %	Upper-Income %
2011 Small Business Loans	10	NA	0.0	30.0	70.0
Demographics	#	Distribution of Businesses			
		Low-Income %	Moderate-Income %	Middle-Income %	Upper-Income %
Businesses	17,273	NA	2.3	27.6	70.1
<i>Source: Bank's 2011 Small Business Loans and 2011 Business Geo-demographic Data</i>					

Overall, the Bank's small business lending performance in the moderate-income census tract is poor, as no loans were originated in this tract in 2011. The impact of this performance on the overall conclusion under this criterion is limited, as the Bank's primary business focus, and majority of lending activity, is residential. Nonetheless, the Bank's small business lending activity in the moderate-income census tract is lacking.

Assessment Area 2

As mentioned previously under the Description of Assessment Area section of the Public Evaluation, Assessment Area 2 includes 9 census tracts, of which 3 are low-income census tracts, 2 are moderate-income income census tracts, 2 are middle-income census tracts, and 2 are upper-income census tracts.

Residential Lending

The penetration of residential loans throughout Assessment Area 2 is reasonable overall. Table 12 illustrates the distribution of residential loans in 2010 and 2011, compared to the percentage of total owner-occupied housing units and aggregate lending data (2010 only) by income level of census tract.

Table 12
Assessment Area 2
Distribution of Residential Loans by Census Tract Income Level

Loan Category	# of Bank Loans	Percent of Bank Loans								Percent of Aggregate Lending							
		Low-Income		Moderate-Income		Middle-Income		Upper-Income		Low-Income		Moderate-Income		Middle-Income		Upper-Income	
2010		#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Home Purchase	6	0	0.0	2	33.3	2	33.3	2	33.3	109	16.4	221	33.3	157	23.6	177	26.7
Home Improvement	5	1	20.0	3	60.0	1	20.0	0	0.0	5	20.0	8	32.0	5	20.0	7	28.0
Refinance	12	1	8.3	5	41.7	4	33.3	2	16.7	296	17.2	551	32.0	389	22.6	486	28.2
Total	23	2	8.7	10	43.5	7	30.4	4	17.4	410	17.0	780	32.3	551	22.9	670	27.8
2011																	
Home Purchase	15	2	13.3	5	33.3	8	53.4	0	0.0								
Home Improvement	3	1	33.3	2	66.7	0	0.0	0	0.0								
Refinance	16	1	6.2	7	43.8	1	6.2	7	43.8								
Total	34	4	11.7	14	41.2	9	26.5	7	20.6								
Demographics	#	Distribution of Housing Units															
		Low-Income		Moderate-Income		Middle-Income		Upper-Income									
Owner-Occupied Units	4,095	9.5		30.3		23.3		36.9									
Source: 2010 and 2011 HMDA LARS, 2010 HMDA Aggregate Lending Data, and 2000 US Census Data. *May not total 100.0 percent due to rounding																	

As shown in Table 12, the Bank originated two residential loans (8.7 percent) in the low-income census tracts of Assessment Area 2 in 2010, which is significantly below aggregate performance of 17.0 percent. This performance is slightly below demographic housing unit data at 9.5 percent. Of these two loans, one was for the purpose of home improvement, the other was a refinance. According to 2010 market share data, the Bank ranked 14th in lending within the low-income census tracts of Assessment Area 2. The Bank's lending volume in Assessment Area 2 increased from 23 loans in 2010 to 34 loans in 2011; in addition, the level of lending in low-income geographies increased to 11.7 percent.

In 2010, the Bank originated 10 residential loans (43.5 percent) in moderate-income census tracts of Assessment Area 2, which exceeded aggregate performance of 32.3 percent and demographic data at 30.3 percent. Half of these loans were for the purpose of refinance, followed by three loans for home improvement, and two home purchase loans. Home purchase and refinance lending in moderate-income census tracts was relatively consistent with aggregate data, while home improvement lending exceeded the aggregate percentage. According to 2010 market share data, the Bank ranked 14th in lending within the moderate-income census tracts of Assessment Area 2 with a market share of 1.3 percent. The level of lending in moderate-income geographies decreased to 41.2 percent in 2011. Overall, the Bank's performance of residential lending in low- and moderate-income census tracts is reasonable. While the Bank lags aggregate in lending in low-income census tracts in 2010, it is generally consistent with demographic data, and increased slightly in 2011. In addition, the Bank exceeded aggregate and demographic data in terms of lending in moderate-income census tracts in 2010.

Small Business Lending

The Bank's small business lending activity in Assessment Area 2, overall, reflects poor distribution in census tracts of different income levels, particularly low- and moderate-income tracts. Table 13 details the Bank's 2011 geographic distribution of small business loans compared to the percentage of businesses in the assessment area, as estimated by D&B surveys.

Table 13					
Assessment Area 2					
Distribution Small Business Loans by Census Tract Income					
Loan Category	# of Bank Loans	Percent of Bank Loans			
		Low-Income	Moderate-Income	Middle-Income	Upper-Income
2011	1	0.0	0.0	0.0	100.0
Demographics	#	Distribution of Businesses			
		Low-Income	Moderate-Income	Middle-Income	Upper-Income
Businesses	4,677	25.7	18.3	18.5	37.5
<i>Source: Bank's 2011 Small Business Loans, 2011 Business Geo-demographic Data</i>					

As shown in Table 13, the single small business loan originated by the Bank in Assessment Area 2 in 2011 was located in an upper-income geography. The Bank did not make any small business loans in low- or moderate-income census tracts, which reflects poor penetration of census tracts of different income levels. Approximately 44.0 percent of the area's businesses are located in low- or moderate-income census tracts, which indicates a need and opportunity for small business lending in these geographies.

5. RESPONSE TO CRA COMPLAINTS

The Bank has not received any CRA-related complaints during the evaluation period. As a result, this criterion was not subject to further analysis, and does not bear any weight when arriving at a Lending Test rating.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The Bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. This review revealed a violation of Section 5 of the Federal Trade Commission Act. While this violation was considered in assigning the overall CRA rating, it did not adversely impact the rating. Bank management committed to enhancing oversight and implementing appropriate corrective actions.

COMMUNITY DEVELOPMENT TEST

This test evaluates the Bank's responsiveness to the community development needs of its assessment areas through the provision of community development loans, qualified investments, and community development services. The test considers the institution's capacity and the need and availability of such opportunities for community development activities in the institution's assessment areas.

The Bank is rated Satisfactory under the Community Development Test, demonstrating adequate responsiveness to the community development needs of its assessment areas through community development lending and qualified investments. The Bank provides a marginal level of community development services considering the institution's capacity and the need and availability of such opportunities within the assessment areas.

Opportunities for banks to extend community development loans, investments, and services are evidenced through an analysis of demographic information, which shows that 27.5 percent of families in Assessment Area 1 and 54.3 percent of families in Assessment Area 2 are categorized as either low- or moderate-income.

Community contacts in both assessment areas indicated needs and opportunities for community development activities such as: foreclosure prevention programs; small business and working capital credit; financial and volunteer support of grass roots community development organizations; affordable housing projects; workforce development training, refinancing options for low- and moderate-income families; first-time homebuyer programs; donations; and a broad need for expanded financial education.

The following sections discuss the assessment of the Bank's Community Development Test performance, including community development lending, qualified investments, and services.

Community Development Loans

A community development loan is a loan that: (1) has community development as its primary purpose, (2) has not already been reported or collected by the Bank for consideration under small business or home mortgage lending (unless it is a multifamily dwelling loan), and (3) benefits the Bank's assessment areas or a broader statewide or regional area that includes the Bank's assessment areas.

The Bank made a limited number and amount of community development loans in its assessment areas throughout the evaluation period, representing marginally adequate responsiveness to community development lending opportunities and needs in the assessment areas.

During the evaluation period, the Bank originated four community development loans totaling \$2.3 million, representing 0.2 percent of total assets and 0.3 percent of total loans as of December 31, 2011. During the previous evaluation period, the Bank extended a total of three community development loans totaling \$1.2 million in its assessment area. Table 14 details the qualified community development loans made during the evaluation period.

Table 14 Qualified Community Development Loans												
Activity Year	Qualifying Community Development Purpose										Totals	
	Affordable Housing for Low- and Moderate- Income Individuals		Community Services Targeted to Low- and Moderate- Income Individuals		Activities that Promote Economic Development		Revitalize or Stabilize Census Tracts*		Neighborhood Stabilization Projects			
	#	\$ (000)	#	\$ (000)	#	\$ (000)	#	\$ (000)	#	\$ (000)	#	\$ (000)
12/9/2008– 12/31/2008	0	0	0	0	0	0	0	0	0	0	0	0
2009	1	1,100	0	0	0	0	0	0	0	0	1	1,100
2010	1	200	0	0	0	0	0	0	0	0	1	200
2011	2	1,010	0	0	0	0	0	0	0	0	2	1,010
1/1/2012 - 3/30/2012	0	0	0	0	0	0	0	0	0	0	0	0
Total	4	2,310	0	0	0	0	0	0	0	0	4	2,310
Source: Internal Bank Records from December 9, 2008 through March 30, 2012												
*Types of Census Tracts include: Low- or Moderate-Income, Disaster, Distressed, or Underserved Geographies												

All four community development loans were made in Assessment Area 1; the Bank did not make any community development loans in Assessment Area 2 during the evaluation period.

Three of the four qualified community development loans were to for-profit real estate investors and are secured by multifamily housing. These dwellings collectively provided 37 affordable rental housing units within Assessment Area 1. Table 15 reflects specific details regarding the multifamily loans that qualified as community development loans.

Table 15 Qualified Community Development – Affordable Rental Multi-Family Loans				
Activity Year	Loan Amount	Number of Units	Range of Rents	Census Tract Location of Dwelling
2009	\$1,100,000	20	\$950 - \$1,050	Upper
2010	\$200,000	5	\$650 - \$1,200	Middle
2011	\$235,000	12	\$625 - \$1,025	Upper
Total	\$1,535,000	37		
Source: Internal Bank Records from December 9, 2008 through March 30, 2012				

In 2011, the Bank funded the construction of a 40B housing project in Assessment Area 1. The project consists of 20 units, 5 of which are classified as affordable housing. Of the \$3.1 million in total funding, \$775,000, or 25.0 percent, qualifies as affordable housing.

While there is a slight increase in the number and dollar amount of community development loans originated during this evaluation period in comparison to the last evaluation period, the Bank's community development lending performance is marginally adequate given the institution's capacity and the need and availability of community development lending opportunities in both assessment areas, as well as the lack of community development lending in Assessment Area 2.

Community Development Investments

A qualified investment is a lawful investment, deposit, or grant that has community development as its primary purpose.

The Bank made a limited number and amount of qualified investments in its assessment areas, demonstrating a marginally adequate responsiveness to community development needs and opportunities. During the evaluation period, the Bank had \$4.03 million in qualified investments in its securities portfolio and made \$94,300 in qualified donations.

Qualified Equity Investments

On November 6, 2003, the Bank invested \$3 million in the CRA Qualified Investment Fund administered by Community Capital Management. On February 8, 2012, the Bank invested approximately \$1 million in additional funds in this investment, bringing the total amount to \$4,035,113. This equates to 0.4 percent of the Bank's total assets and 1.8 percent of total investments as of December 31, 2011.

The CRA Qualified Investment Fund was launched in 1999 and has grown to include investments from more than 300 banks/thrifts and other types of investors interested in this community development strategy. Founded in 1998, Community Capital invests in government-related subsectors of the bond market traditionally excluded from the major bond indices. The firm's primary goal is to produce above-average, risk-adjusted returns while providing added diversification and simultaneously having a positive impact on the community and the environment. All of the underlying loans attributed to the Bank's investment in the fund are to moderate-income borrowers located in Assessment Area 1.

Qualified Donations

During the evaluation period, the Bank made 18 qualified donations totaling \$94,300. Qualified donations represent 49.8 percent of the Bank's total donations of \$186,716. Comparisons were made to pre-tax net operating income (PTNOI) for full calendar years. In 2009, the Bank's qualified donations represented 0.19 percent of PTNOI; these ratios were 0.16 percent in 2010 and 0.20 percent in 2011. Table 16 summarizes qualified donations by community development category.

Table 16 Qualified Community Development Grants & Donations										
Community Development Category	12/9/2008 – 12/31/2008		2009		2010		2011		1/1/2012 - 3/30/2012	
	#	\$ (000)	#	\$ (000)	#	\$ (000)	#	\$ (000)	#	\$ (000)
Affordable Housing for Low- and Moderate-Income Individuals	1	500	0	0	0	0	0	0	0	0
Community Services Targeted to Low- and Moderate-Income Individuals	0	0	5	25,100	6	27,700	6	41,000	0	0
Revitalize or Stabilize Census Tracts*	0	0	0	0	0	0	0	0	0	0
Activities that Promote Economic Development	0	0	0	0	0	0	0	0	0	0
Neighborhood Stabilization Projects	0	0	0	0	0	0	0	0	0	0
Total	1	500	5	25,100	6	27,700	6	41,000	0	0
Pre-Tax Net Operating Income (NOI)	NA		\$13,136,000		\$17,076,000		\$20,335,000		NA	
Donations/Pre-Tax NOI	NA		0.19%		0.16%		0.20%		NA	
Source: Internal Bank Records from December 9, 2008 through March 30, 2012										
*Types of Census Tracts include: Low- or Moderate-Income, Disaster, Distressed, or Underserved Geographies										

Assessment Area 1

Of the 18 contributions totaling \$94,300, 13 or \$86,800 was donated to organizations in Assessment Area 1. Of the total amount, \$500 was designated toward affordable housing, and \$86,800 was to organizations that provide community development services to low- and moderate-income individuals and families. Examples of organizations to which the Bank made donations include:

- **South Shore Conservatory:** The Bank provided \$37,500 in grants to this community school for the arts located in Hingham during the evaluation period. The donations provided scholarships for art education to children from low- and moderate-income families.
- **Massachusetts Maritime Academy Scholarship:** The Bank provided \$20,000 in scholarship grants for low- and moderate-income students to attend the Massachusetts Maritime Academy. All recipients are from towns and cities within Assessment Area 1.
- **Father Bill's and Mainspring (FBMS):** FBMS's mission is to provide programs and services to homeless people in Southeastern Massachusetts. FBMS provides emergency shelter, homelessness prevention programs, permanent affordable housing, and workforce development. Recipients of FBMS services include individuals and families within towns and cities located in Assessment Area 1. During the evaluation period, the Bank donated \$500 to this organization.

Assessment Area 2

Of total qualified donations, two totaling \$7,500 was donated to organizations in Assessment Area 2; both were made to community development service organizations, including the following:

- **Rosie's Place:** Rosie's Place, a sanctuary for poor and homeless women, offers emergency and long-term assistance to women who have nowhere else to turn. Founded in 1974, accepts no government funds, and relies instead on committed volunteers and private supporters to accomplish its effective and innovative work. The Bank donated \$1,500 to this organization during the evaluation period.
- **Steppingstone Foundation:** Founded in 1990, the Steppingstone Foundation develops and implements programs that prepare underserved students for educational opportunities that lead to college success. During the evaluation period, the Bank donated \$6,000 to Steppingstone.

Overall, the Bank's community development investment performance is marginally adequate given the institution's capacity and the need and availability of community development investment opportunities in both assessment areas. In 2012, the Bank increased the amount invested in an equity investment held since 2003. The number and dollar amount of donations is limited in relative to the Bank's financial capacity.

Qualified Community Development Services

A community development service has community development as its primary purpose and is related to the provision of financial services and/or technical assistance.

The Bank provided a nominal level of community development services, demonstrating a marginal level of responsiveness to community development service needs and opportunities in its assessment areas.

Bank Employee Involvement

During the evaluation period, a few Bank personnel, including Board members, provided organizations with financial and/or management expertise. These organizations focus on economic development or provide services to low- and moderate-income individuals in the assessment areas.

- **South End Business Alliance:** The goal of this organization is to expand the economic vitality of the South End through cross-marketing, resource sharing and collective business growth. This organization is located in and benefits Assessment Area 2. In 2009 and 2011, an Assistant Vice President/Branch Manager served as a Board Member and President. In January 2012, he became the Clerk for this organization.
- **Boys and Girls Club of Marshfield:** This organization, located in Assessment Area 1, provides services to low- and moderate-income individuals. During the evaluation period, the Vice President of Commercial Lending served as a Board Member for this organization.

Other Community Services

- The Bank is a participant in the Massachusetts Community and Banking Council's (MCBC) Basic Banking Program. The program was launched in 1994 by the MCBC to expand access to bank products and services and to encourage those with modest incomes to establish banking relationships.
- The Bank participates in the Interest on Lawyers' Trust Accounts (IOLTA) program. Interest earned on the accounts is utilized to help fund improvements in the administration of justice and delivery of legal services to low-income clients. The Bank contributed \$3,613 in interest for 2009, \$1,574 for 2010, \$906 for 2011 and \$245 as of March 30, 2012, for a total of \$6,338 during the evaluation period.

Overall, the Bank's qualified community development services are limited.

Branches in Low- and Moderate-Income Areas and Financial Services to Low- and Moderate-Income Individuals

The Bank operates nine full-service offices in the combined assessment areas¹. Assessment Area 1 includes the Bank's main office in Hingham and seven full-service branches. One of the full-service branches is located in a retirement community (Linden Ponds), and offers limited hours to residents and employees of the retirement community. In addition to the full-service branches, the Bank operates a loan center and an off-site drive-up window and ATM next to its main office, located in an upper-income census tract. Assessment Area 2 has one branch office in Boston, located in the South End neighborhood.

Table 17 summarizes the distribution of the Bank's offices and ATMs by census tract income level compared with the distribution of total census tracts in the assessment area by income level and the distribution of the assessment area population by census tract income level.

Table 17 Combined Assessment Area Branch and ATM Distribution with Demographic Data							
Census Tract Income Level	Number of Tracts (#)	Percent of Tracts (%)	Percent of Population (%)	Branches/Main Office		ATMs	
				#	%	#	%
Low	3	7.9	3.4	0	0.0	0	0.0
Moderate	3	7.9	7.4	0	0.0	0	0.0
Middle	13	34.2	35.9	4	44.4	7	41.2
Upper	19	50.0	53.3	5	55.6	10	58.8
Total	38	100.0	100.0	9	100.0	17	100.0
<i>Source: Internal Bank Records and 2000 U.S. Census Data</i>							

¹ A new branch was opened during the evaluation period; however, as previously discussed, it is not being considered as part of this evaluation period due to the limited time it has been open. The branch and the subsequent expansion of Assessment Area 2 will be assessed at the next CRA evaluation. At that time, the Bank's efforts to address the credit and community development needs of the expanded Assessment Area 2 will be reviewed and considered.

As noted in Table 17, the Bank does not operate any branches or ATMs in low- or moderate-income census tracts of its assessment areas. ATMs are available at all full-service branches. The Bank also maintains three free-standing ATMs in Hingham: at the Fruit Center Marketplace (available during store hours); at the Commuter Boat Station; and at the general offices of Talbots (Talbots' employees only). All ATMs are deposit-taking with the exception of the ATM located in Talbot's general offices and one of the ATMs located in the Linden Ponds retirement community. Hingham Institution for Savings is a member of SUM[®], an alliance between many community banks that have agreed not to assess ATM surcharge fees to any of the other member banks' customers. Of the Bank's 17 ATM locations, 12 of these are connected to the SUM network.

APPENDIX A

Fair Lending Policies and Procedures

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 2.3-101.

The Bank has a written fair lending policy.

All employees are provided marginal training appropriate to the job description and responsibilities in fair lending issues.

The Bank has a second review process. The Vice President of Residential Lending can recommend a loan for denial. All loans have a second review and 95 percent are reviewed by the Bank President.

The Bank has 9 bilingual employees. Languages spoken are: Chinese-Mandarin, French, Greek, Japanese, Lebanese, Polish, Portuguese and Spanish.

MINORITY APPLICATION FLOW

Assessment Area 1

According to the 2000 U.S. Census Data, the Bank's assessment area contained a total population of 157,297 individuals, of which 4.1 percent are minorities. The assessment area's minority and ethnic population is 0.8 percent Black/African American, 1.0 percent Asian, 0.1 percent American Indian, 0.0 percent Hawaiian/Pacific Islander, 1.0 percent Hispanic or Latino and 1.2 percent other.

For 2010 and 2011, the Bank received 550 HMDA reportable loan applications from within its assessment area. Of these applications, 13 or 2.4 percent were received from minority applicants, of which 11 or 84.6 percent resulted in originations. For the same time period, the Bank also received 3 applications or 0.5 percent from ethnic groups of Hispanic origin within its assessment area, of which 1 or 33.3 percent were originated.

The Bank's level of lending was compared with that of the aggregate's lending performance levels for the most recent year that data was available, the year 2010. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Bank received from minority residential loan applicants. Refer to the table below for information on the Bank's minority application flow as well as the aggregate lenders (excluding the Bank) in the Bank's assessment area.

MINORITY APPLICATION FLOW								
Assessment Area 1								
RACE	Bank 2010		2010 Aggregate Data		Bank 2011		Bank TOTAL	
	#	%	#	%	#	%	#	%
American Indian/ Alaska Native	0	0.0	13	0.1	4	1.5	4	0.7
Asian	2	0.7	199	1.3	0	0.0	2	0.4
Black/ African American	0	0.0	43	0.3	0	0.0	0	0.0
Hawaiian/Pac Isl.	0	0.0	4	0.0	0	0.0	0	0.0
2 or more Minority	0	0.0	0	0.0	0	0.0	0	0.0
Joint Race (White/Minority)	6	2.1	109	0.7	1	0.4	7	1.3
Total Minority	8	2.8	368	2.3	5	1.9	13	2.4
White	262	91.0	12,017	76.0	239	91.2	501	91.1
Race Not Available	18	6.2	3,435	21.7	18	6.9	36	6.5
Total	288	100.0	15,820	100.0	262	100.0	550	100.0
ETHNICITY								
Hispanic or Latino	0	0.0	65	0.4	1	0.4	1	0.2
Not Hispanic or Latino	266	92.4	12,178	77.0	238	90.8	504	91.6
Joint (Hisp/Lat /Not Hisp/Lat)	2	0.7	90	0.6	0	0.0	2	0.4
Ethnicity Not Available	20	6.9	3,487	22.0	23	8.8	43	7.8
Total	288	100.0	15,820	100.0	262	100.0	550	100.0

Source: 2010 and 2011 HMDA/ LAR, 2010 HMDA Aggregate Data

The Bank's performance was higher than the 2010 aggregate's performance level for minority applicants. The Bank received 2.8 percent for minorities while the aggregate was 2.3 percent. The Bank's performance was below the 2010 aggregate's performance for ethnic minorities. The Bank received 0.7 percent while the aggregate received 1.0 percent for ethnic minorities. However, the low volume of loans is such that a small change in numbers has a significant impact on the percentages noted above.

The Bank's minority application flow, when compared to the aggregate's lending performance levels and the assessment area demographics, is adequate.

Assessment Area 2

According to the 2000 U.S. Census Data, the Bank's assessment area contained a total population of 26,138 individuals, of which 48.9 percent are minorities. The assessment area's minority and ethnic population is 18.3 percent Black/African American, 13.6 percent Asian, 0.2 percent American Indian, 0.1 percent Hawaiian/Pacific Islander, 14.1 percent Hispanic or Latino and 2.6 percent other.

For 2010 and 2011, the Bank received 71 HMDA reportable loan applications from within its assessment area. Of these applications, 8 or 11.3 percent were received from minority applicants, of which 6 or 75.0 percent resulted in originations. For the same time period, the Bank also received 2 applications or 2.8 percent from ethnic groups of Hispanic origin within its assessment area, of which 2 or 100.0 percent were originated.

The Bank's level of lending was compared with that of the aggregate's lending performance levels for the most recent year that data was available, the year 2010. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Bank received from minority residential loan applicants. Refer to the table below for information on the Bank's minority application flow as well as the aggregate lenders (excluding the Bank) in the Bank's assessment area.

MINORITY APPLICATION FLOW								
Assessment Area 2								
RACE	Bank 2010		2010 Aggregate Data		Bank 2011		Bank TOTAL	
	#	%	#	%	#	%	#	%
American Indian/ Alaska Native	0	0.0	1	0.0	0	0.0	0	0.0
Asian	0	0.0	156	5.1	1	2.7	1	1.4
Black/ African American	2	5.9	28	0.9	0	0.0	2	2.8
Hawaiian/Pac Isl.	0	0.0	1	0.0	0	0.0	0	0.0
2 or more Minority	0	0.0	0	0.0	0	0.0	0	0.0
Joint Race (White/Minority)	1	2.9	45	1.5	4	10.8	5	7.0
Total Minority	3	8.8	231	7.5	5	13.5	8	11.3
White	25	73.5	2,096	68.2	28	75.7	53	74.6
Race Not Available	6	17.7	747	24.3	4	10.8	10	14.1
Total	34	100.0	3,074	100.0	37	100.0	71	100.0
ETHNICITY								
Hispanic or Latino	0	0.0	29	1.0	1	2.7	1	1.4
Not Hispanic or Latino	29	85.3	2,276	74.0	29	78.4	58	81.7
Joint (Hisp/Lat /Not Hisp/Lat)	0	0.0	30	1.0	1	2.7	1	1.4
Ethnicity Not Available	5	14.7	739	24.0	6	16.2	11	15.5
Total	34	100.0	3,074	100.0	37	100.0	71	100.0

Source: 2010 and 2011 HMDA/LAR, 2010 HMDA Aggregate Data

The Bank's performance was higher than the 2010 aggregate's performance level for minority applicants. The Bank received 8.8 percent for minorities while the aggregate was 7.5 percent. However, the low volume of loans is such that a small change in numbers has a significant impact on the percentages noted above. The Bank received no applications from ethnic minorities in 2010.

The Bank's minority application flow, when compared to the aggregate's lending performance levels and the assessment area demographics, is adequate.

APPENDIX B

General Definitions

GEOGRAPHY TERMS

Census Tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Primary Metropolitan Statistical Area (PMSA): A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions of the larger area. If an area qualifies as an MA and has more than one million persons, PMSAs may be defined within it.

Consolidated Metropolitan Statistical Area (CMSA): The larger area of which PMSAs are component parts.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

HOUSING TERMS

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family which is further classified into “male householder” (a family with a male

householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

INCOME TERMS

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

Family Income: Includes the income of all members of a family that are age 15 and older.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of geography.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of geography.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of geography.

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

OTHER TERMS

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement and temporary-to-permanent construction loans.

Small Business Loan: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks and the Federal Deposit Insurance Corporation, at 55 Main Street, Hingham, MA 02043."

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.